

BATON
BROADCASTING
INCORPORATED



INTERIM REPORT

FOR THE SIX MONTHS ENDED
FEBRUARY 28, 1979

BATON BROADCASTING INCORPORATED
INTERIM FINANCIAL REPORT

(Unaudited)

FOR THE SIX MONTHS ENDED FEBRUARY 28, 1979
 (With comparative figures for 1978)

CONSOLIDATED STATEMENT OF INCOME

	<u>1979</u>	<u>1978</u>
Revenue:		
Air time sales net of agency commission	\$22,109,582	\$18,617,082
Production revenue	7,075,536	6,627,839
Printing revenue	14,057,429	11,413,584
Investment income	286,131	251,574
Operating expenses	43,528,678	36,910,079
Income from operations	32,779,409	27,969,525
Deduct:		
Depreciation	1,249,999	1,107,222
Interest	367,440	166,525
Income before taxes	1,617,439	1,273,747
Income taxes	9,131,830	7,666,807
Net income before minority interest	4,152,766	3,554,427
Deduct minority interest	4,979,064	4,112,380
Net income for the period	<u>\$ 4,664,974</u>	<u>\$ 3,933,932</u>
Number of shares outstanding	6,900,000	6,900,000
Net earnings per share	67.6¢	57.0¢
<u>CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION</u>		
	<u>1979</u>	<u>1978</u>
Funds provided from operations:		
Net income for the period	\$ 4,664,974	\$ 3,933,932
Add (Deduct) items not involving an outlay of funds:		
Depreciation	1,249,999	1,107,222
Deferred income taxes	219,306	(130,572)
Goodwill amortization	29,218	29,219
Minority interest	314,090	178,448
Increase in long-term debt	3,895,000	165,260
Payments on contracts receivable	10,537,847	5,118,249
Funds used for:		
Acquisition of subsidiary	2,772,051	2,772,051
Deduct working capital of subsidiary acquired	806,814	806,814
Investment in other companies	1,965,237	1,965,237
Purchase of fixed assets	3,927,265	3,927,265
Dividends paid	1,380,000	1,380,000
Repayment of long-term debt	322,767	322,767
Mortgage receivable	190,268	190,268
Total funds used	378,000	378,000
Increase in working capital during the period	7,605,512	7,605,512
Working capital, beginning of period	2,932,335	2,932,335
Working capital, end of period	14,257,260	14,257,260
	<u>\$ 21,189,595</u>	<u>\$ 16,590,971</u>

REPORT TO THE SHAREHOLDERS:

The unaudited consolidated net income of Baton Broadcasting Incorporated for the six months ended February 28, 1979 amounted to \$4,664,974 or 67.6¢ per share. This compares to net income of \$3,933,932 or 57.0¢ per share earned during the corresponding period last year.

Net income from the Company's broadcasting and production subsidiaries rose \$526,000 or 14.2% above a year ago.

Revenue from the sale of air time increased \$3,492,000 or 18.8% while production revenue added a further \$448,000 compared to last year. Operating expenses of the Company's broadcasting and production subsidiaries climbed \$3,053,000 and reflect higher costs for American television programs as well as wage increases called for under a new three year agreement with the National Association of Broadcast Employees and Technicians at CFTO-TV/Glen-Warren effective January 1, 1979.

C.F. Haughton Limited contributed \$433,000 to net income after provision for income taxes and minority interest, an increase of \$205,000 over last year. The higher net earnings are due to improved profit margins in the business forms and packaging operations. Gross revenue increased \$2,644,000 or 23.2% while operating costs climbed \$1,757,000 because of higher material and labour costs.

The January Nielsen rating survey shows CFTO-TV in Toronto with the largest January audience in the past six years and for twelve consecutive years CFTO-TV has been the number one rated television station in its coverage area. CKLWAM in Windsor, Ontario continues to show substantial audience gains in its total coverage area. CFQC-TV and radio continue to be the number one rated stations in their market.

On February 8, 1979 the Canadian Radio-television and Telecommunications Commission announced a five year licence renewal for CFQC-TV in Saskatoon, Saskatchewan. The licence runs from April 1, 1979 to March 31, 1984.

The Company has acquired a 51% interest in All-View Interphase Systems Inc., at a cost of \$2,772,051 of which \$2,250,000 represents 9% cumulative, redeemable preference shares issued from treasury. All-View manufactures and sells sophisticated master antenna systems to apartment and condominium complexes.

Your Board of Directors has approved a dividend of 20¢ per share payable May 1, 1979 to shareholders of record at the close of business April 18, 1979. This is an increase of 3.5¢ per share over the 16.5¢ per share semi-annual dividend paid last year.

Advance sales bookings in all areas of the Company's activities continue to reflect increases over the previous year.

DOUGLAS G. BASSETT
 President

April 12, 1979